UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1990/38/Add.4
3 April 1990

ORIGINAL: ENGLISH

SUPPORT

Thirty-seventh session
28 May-22 June 1990, Geneva
Item 5 (b) (i) of the provisional agenda

PROGRAMME PLANNING

COUNTRY, INTERCOUNTRY AND GLOBAL PROGRAMMES

Reports on mid-term reviews of country, intercountry and global programmes

Mid-term review of the fourth country programme for Egypt

Report of the Administrator

SUMMARY

The present report is submitted in accordance with Governing Council decision 89/11 of 24 February 1989, requesting the Administrator to report on a representative selection of mid-term reviews of country programmes.

The mid-term review of the fourth country programme for Egypt concluded that the priority objectives and major areas of concentration of the programme (DG/CP/EGY/4) are on track and relevant to the development needs of Egypt. Among other things, the review also recommended a programme approach in the determination of development needs, and suggested criteria to be applied in the selection of pipeline projects. It also concluded that government or national execution of the programme was a key mechanism for national capacity-building in programme management in Egypt.

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I. INTRODUCTION

A. Brief outline of the country programme

1. The fourth country programme for Egypt (1987-1991) was prepared in 1986 and approved by the Governing Council at its special session in 1987 (decision 87/4 of 20 February). The programme was formulated in an atmosphere of economic stagnation in Egypt. The real growth rate of the gross domestic product (GDP) had declined from nearly 10 per cent in 1982/1983 to less than 5 per cent by 1986/1987. During the same period, the investment ratio in the national economy fell from 26 to less than 20 per cent, and Egypt's external debt, as estimated by the International Monetary Fund (IMF), had climbed to $37.6 billion by the middle of 1987. Further, with an average annual population growth rate of 2.8 per cent, the rapidly expanding population was putting increasing pressure on the country's limited natural resources.

2. Consequently, the major development objectives for Egypt as reflected in the fourth country programme were the following:

(a) Increasing production and improving the trade balance, particularly in agriculture and industry, through increased productivity and better utilization of existing capacities;

(b) Increasing the efficiency of the public sector through modernization of the administrative machinery and enhancement of management information systems;

(c) Improving the delivery of public services in selected areas such as health, education, water supply and sanitation.

3. In order to help address these development needs, the areas of concentration for technical co-operation identified in the fourth country programme for Egypt included the following:

(a) Increased production in agriculture and attainment of food security;

(b) Increased industrial production through research and development, improved services and better utilization of installed capacity;

(c) Human resources development and training;

(d) Modernization of the administrative machinery and enhancement of management functions to strengthen the government decision-making process and improve efficiency;

(e) Improved delivery of public services in selected areas;

(f) Transfer of advanced technology.

B. Organization of the mid-term review

4. The mid-term review exercise was initiated in May 1989, with consultations among representatives of the Department of International Co-operation for Development, the Ministry of Foreign Affairs and the UNDP field office. Under the chairmanship of the Department of International Co-operation for Development, a series of sectoral review meetings were conducted in six areas: agriculture; health; education, science and technology; informatics; industry; tourism; transport and communications; and energy. All national project directors were invited to attend, as were representatives of the specialized agencies of the United Nations in areas of their concern and expertise. At the request of the Government and in continuous close co-operation with it, UNDP prepared the relevant documentation for each meeting. In addition, two thematic review missions were fielded to assess UNDP-funded technical co-operation activities in the industrial sector and in the area of informatics. The industry review mission was comprised of senior staff from the United Nations Industrial Development Organization (UNIDO) and an international and national consultant recruited by UNDP; the informatics mission was comprised of one national and two international consultants.

5. The mid-term review exercise culminated in a two-day formal meeting at the policy and strategic level on 29 and 30 October 1989, also under the chairmanship of the Department of International Co-operation for Development. Participants included high-level government officials of all technical ministries, generally at the rank of under-secretary, as well as representatives of the Office of the Prime Minister, Ministry of Finance, the Environmental Affairs Agency and the National Council for Childhood and Motherhood. A number of specialized agencies and other organizations of the United Nation system were also represented at the final meeting, including the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO). The UNDP was represented by the Resident Representative a.i., and the Deputy Chief, Division for Country Programmes, Regional Bureau for Arab States and Europe.

II. FINANCIAL DATA

6. Resources available from the indicative planning figure (IPF) for the period 1987-1991 amounted to $29.4 million. This figure had increased to $37.0 million by the time of the mid-term review, as a result of the adjustment of per capita GNP and an overall increase in resources available within UNDP. As reflected in annex I to the present report, however, actual project cost-sharing contributions were much below what had been envisaged at the time of the country programme: a total of $4.8 million, compared with $11.5 million. The discrepancy is primarily due to the country's lack of hard currency as well as the difficulty of mobilizing third-party cost sharing on a project level.

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A. IPF funds committed to new projects and uncommitted balance

7. Approved budgets against IPF resources at the time of the review amounted to $34.4 million, representing more than 92 per cent of the current IPF entitlement, leaving an uncommitted balance of $2.6 million, or 8 per cent. Programme development was very healthy, with hard pipeline budgets estimated at $7.0 million. It was expected that all resources would be fully committed by the end of the first quarter of 1990.

B. Expenditures against approved projects and unexpended balance of funds committed to projects

8. Total expenditures at the time of the review were estimated at $22.2 million: $5.0 million for 1987, $8.2 million for 1988 and an estimated $9.0 million for 1989. With a total commitment of $34.4 million, the unexpended balance of funds committed to projects stood at $12.2 million. IPF expenditures were low in 1987 owing to the relatively low budget build-up at the beginning of the cycle. By 1988, this situation had changed and expenditures had increased by 60 per cent. With approximately the same level of expenditures for 1989, total expenditures at the time of the review amounted to almost 60 per cent of IPF resources, a level consistent with the expenditure targets for the period 1987-1989.

III. PROGRAMME AND PROJECT DATA

A. Comparison of planned project list against actual project approvals

9. The fourth country programme document (DP/CP/EGY/4) did not contain any national figure for the allocation of IPF resources, either by area of concentration or by project. At the beginning of the cycle, there were 59 ongoing projects and 34 project proposals for a total of 93 projects. During the period under review, emphasis was given to completing projects initiated during previous programming cycles, monitoring more closely the approval of project extensions and establishing a more focused pipeline of projects. As a result, 42 projects have been completed since the beginning of the cycle. Of the 34 project proposals outlined in the country programme document, 24 were approved, 5 were deleted during the appraisal process and the remaining 5 are in various stages of formulation.

B. Projects not included in the original country programme

10. Twenty new projects have come from the pipeline, bringing to 61 the total number of ongoing projects at the time of the mid-term review. The breakdown of approved projects included in the fourth country programme and those approved but not originally included in the country programme document are contained in annex II to the present report.

C. Implementation of the programme: activities launched

11. The allocation of IPF resources by area of concentration based on approved project budgets at the time of the review is shown in annex III to the present report. Only four areas of concentration are reflected, as the review concluded that "transfer of technology" and "human resources development" were not areas of concentration per se but a feature common to all technical co-operation activities funded by UNDP in Egypt. Accordingly, the 10 projects falling into these two categories were reassigned to other areas of concentration.

12. Industrial development had the highest allocation at the time of the mid-term review: $11.2 million, or 33 per cent of committed IPF resources, resulting in the following programme configuration: (a) 42 per cent towards the implementation of nine capacity-building projects in support of technical development centres in such areas as electronics, plastics development for agriculture, industrial energy conservation and fertilizer development; (b) 40 per cent directed towards capacity-building projects in support of public enterprises in the production of a specific product such as sugar, pesticides and potassium; and (c) 18 per cent for projects giving support to the private sector and strengthening the research and management information capacities of the Ministry of Industry.

13. Agricultural development and water management received the next highest allocation of approved IPF resources: $10.1 million, or 30 per cent. Almost 72 per cent of these resources is for agricultural projects, while the remaining 28 per cent is allocated to water management. The majority of allocations to the agricultural sector are aimed at improving agricultural productivity in the Noubaria and north-western coastal zone regions, developing expert group systems for crop management and strengthening research and training activities in protected cultivation. In water management, the overwhelming majority of resources are aimed at rehabilitating and improving irrigation systems, strengthening capacity in water research and assisting in the establishment of a master plan for water resources development.

14. Projects in the area of public service delivery account for 19 per cent of approved IPF resources, or $6.7 million. Approximately 27 per cent of the allocated IPF resources is for 9 projects to improve the delivery of transport and communication services in civil aviation, maritime, bus and railway transport, postal administration and electronic mail services; 18 per cent to 2 projects to introduce cost-effective water supply and sanitation technologies in rural areas; 16 per cent to 10 projects designed to improve the delivery of health services through research, technological, institutional and management support in such areas as radiation technology, nursing education and public health services; 11 per cent to 3 projects in specific educational areas such as informatics and tourism; and 28 per cent to projects to strengthen research and planning and management capacities in culture, environment, social services and electricity.

15. Projects in the area of public administration management accounted for 18 per cent of approved IPF resources, or $6.3 million. Almost 85 per cent of the IPF resources allocated to this area has been directed towards 10 projects designed to strengthen national capacities in information and decision support systems in

such critical development areas as energy planning, import and debt management and administrative reforms. The remaining 15 per cent of the IPF resources has been allocated to 5 projects intended to strengthen the collection and dissemination of information in areas such as export opportunities and technical co-operation among developing countries (TCDC) and Egypt.

IV. PROGRAMME ANALYSIS: MAJOR FINDINGS OF THE REVIEW

A. Implementation of the programme: results

1. Industrial development

16. At the time of the formulation of the fourth country programme, the main development objectives established for industry were to transform the industrial sector from a net importer to a net exporter, to encourage industrialization in new communities and to generate employment opportunities for the country's work-force. The private sector was also expected to play a more dynamic role in terms of industrial investment and industrial output. The fourth country programme supported these priorities, particularly with its emphasis on increased industrial production and export promotion.

17. Technical co-operation support provided to the Industrial Energy Conservation Centre for the development of energy conservation technology and to the Plastics Development Centre for Agriculture were both highlighted by the review as particularly successful projects. The former has resulted in significant energy savings and improved efficiency in the metallurgical industry, while the latter has helped to develop the new types of plastic products required to increase productivity in protected cultivation.

18. It was recommended by the review that future assistance to industry should be targeted in areas other than Cairo and Alexandria which have received the bulk of technical assistance to date. It was further recommended that the issues of recurrent costs and financing modalities should be analysed more closely during both programme and project formulation, including the possibility of establishing, through partial IPF financing, revolving funds to recover technical co-operation costs related to financially viable projects. Further, it was concluded that the impact of various industrial projects on the private sector, although evident, had not yet realized its full potential. As needs were identified on a project-by-project basis, critical areas such as employment creation may not have received as much emphasis as the overall development needs identified on a programme level may have dictated.

2. Agricultural development and water management

19. Among the major challenges facing the agricultural sector in Egypt are the need: (a) to improve the level of food security for a rapidly growing population; (b) to create employment; and (c) to improve the regional balance between population and space. In order to address these constraints in a comprehensive

manner, a joint UNDP/FAO/World Bank mission formulated a UNDP capacity-building programme in agriculture in 1986 focused on: (a) the adaptation and transfer of new and advanced technologies in support of increased productivity; (b) the improved use of conventional technologies in support of increased productivity on both old and new lands; (c) the transfer and application of advanced technology and know-how for improved water management; (d) technical and institutional capacity-building for socio-economic and physical surveys of potential agricultural lands; and (e) the enhancement of planning, co-ordination and management capacities.

20. Technical co-operation support to the Government's programme in Noubaria for the resettlement of university graduates on newly reclaimed land was highlighted by the review as a successful project in the programme. It has helped to address the issues of food security, creation of jobs and better distribution of the population through an area development approach. Other projects, in genetic engineering, remote sensing, expert systems, protected cultivation and ground-water management, were also commended for their effective transfer of technology.

21. In the review, it was noted that the projects concerned with increased food security were most successful within the capacity-building programme formulated. The need for closer linkages between agricultural research and development and the various relevant institutions was highlighted as was the need to focus more on the specific needs of disadvantaged groups.

3. Public administration management

22. The lack of both an appropriate management information system and a comprehensive decision support system have been identified as two major contributing factors to the numerous administrative and management problems facing Egyptian public administration. Consequently, both the second five-year plan and the fourth country programme placed high priority on improved information management methods and systems for the collection, storage and analysis of information required for planning and making policy decisions.

23. As an input to the mid-term review, in 1989, UNDP sponsored a thematic evaluation of all informatics projects. Highlighted by the evaluation as a successful project was the technical co-operation support provided to the Cabinet Information and Decision Support Centre for the establishment of a centralized, computerized data base and information system within the Central Bank of Egypt for the aggregation, monitoring, projection and management of the country's external debt.

24. The evaluation concluded that most of the projects in this area had contributed substantially to capacity-building by entrusting the entire process of system development to national institutions and staff while providing appropriate advisory and training support. Further, project assistance had helped build capacity not only through the transfer of systems technology but also, more importantly, through the introduction of more efficient management procedures. It was recommended that greater emphasis be given in the future to the pooling of resources of various institutions involved in data processing, in order to avoid

costly duplication. The review noted that the existing pool of appropriately trained nationals should be expanded, given the high mobility of staff in the area. Systems should, wherever possible, be adapted to data-processing needs, while standardization, maintenance, level of recurrent costs and ease of "arabization" should constitute basic criteria for the selection of hardware and software.

4. Public services delivery

25. The review recognized that small-scale projects could make a valuable contribution to the larger public service setting. An example of effective projects highlighted during the review included the technical support being provided for the control of environmental health hazards which is expected to encourage the adoption and implementation of improved safety standards. Similarly, technical co-operation support to nursing education was cited for assistance rendered to the training of teachers and hospital administrators. The review stressed, however, that appropriate linkages between development objectives, policies and projects must be ensured at the programme level to maximize impact in public services. It was further felt that the scattered dispersal of projects in public services has required an inordinate number of monitoring activities that have not been cost effective.

B. Modalities of execution

26. As indicated in annex IV to the present report, the overall input mix of the various projects implemented since the inception of the cycle shows 49 per cent of approved budgets allocated to the provision of expertise: 26 per cent to project personnel; 23 per cent to sub-contracts, 35 per cent to equipment, 14 per cent to training and 2 per cent to various other inputs. As foreseen in the fourth country programme, expertise has essentially been provided in the form of short-term consultants, both national and international.

27. While national execution, narrowly defined as the designation of the Government as executing agency, represented only 11 per cent of the approved IPF budgets, the review pointed out that all projects were under the management of a national project director. This modality of entrusting project management to national project directors has been found to be specially effective in Egypt and consistent with the objective of increased national self-reliance. This modality has also increased the potential for the sustainability of UNDP assistance as projects become better integrated into the recurrent operations of national institutions. It is expected that the percentage of projects in which the Government is designated as executing agency will increase substantially during the next cycle, as national institutions are now well versed in such areas of project implementation as procurement of equipment and tendering of sub-contracts.

28. Finally, the review also found other modalities of execution such as Transfer of Knowledge through Expatriate Nationals (TOKTEN) to be quite effective, and indicated that TOKTEN would be given greater consideration in the fifth cycle.

C. Programme management

29. The review concluded that the quality of project design has generally improved since the initiation of the cycle and agreed that future emphasis should be placed on a more comprehensive assessment of the pre-project situation and the formulation of more precise and verifiable immediate objectives and outputs. Information produced at the project design stage should be complementary to that produced at other stages of the programming cycle. A clearer distinction should be made between the overall technical co-operation needs required at the targeted level and the design of a particular project, which constitutes but one step in the general process of national capacity-building. While recognizing the need for budget flexibility, the review concluded that projects should be designed with greater precision on the basis of realistic linkages of objectives, outputs and inputs. The allocation of additional resources to a project should be perceived as a premium for efficiency rather than a subsidy for poor performance.

30. In terms of financial management, the review noted that, although expenditure targets were being met, the annual average delivery rate remained low, at 70 per cent. In future, increased emphasis should be given to more realistic budgeting and the timely rephasing of project budgets. In order to expedite the completion of projects and reduce the procedural burden of government-executed projects on national executing agencies, UNDP is making direct payments to the entities providing services at the request of the project authorities. In order to facilitate project implementation under agency execution, national project directors are being encouraged to correspond directly with, and regularly visit, executing agencies.

31. Finally, the review concluded that, in the monitoring of projects, attention should be given to ensuring not only that inputs are delivered but also that outputs produced by the project are consistent with the achievement of objectives. The need to simplify reporting procedures and improve the quality of the monitoring tools was also expressed. Specifically, the Project Performance and Evaluation Report (PPER) was considered to be overly cumbersome and under-utilized as a management tool because it did not facilitate computerized statistical and graphical comparisons at different stages of project implementation.

D. Programme related policy review

1. National capacity-building and sustainability

32. At each sectoral review, and major review meeting, it was agreed that capacity-building must be at the heart of UNDP assistance. Careful attention must be paid to ensure that projects truly build and develop national capacity and do not merely provide budget support. The review noted that the key to building national capacities at the programme level lies in the proper assessment of the capacities to be strengthened and the identification of institutional complementarity. In this respect, it was felt that some capacities had not been adequately screened at either the project or the programme level. The assessment of national capacity should focus not only on existing capacities in the Government

but also in Egyptian society as a whole. Consequently, appropriate mechanisms need to be created in order to mobilize all existing national capacities, wherever they exist.

33. The review noted that adequate recurrent budgetary resources must be allocated to ensure the sustainability of systems created through provision of technical assistance, whether administrative, financial, managerial, technical or a combination thereof. Further, attention should be given not only to building up the national capacity required to operate such systems but also to managing the systems in a dynamic manner. In this connection, the review highlighted the problem of retaining highly trained national project staff without a system of incentives. Ideally, a dual system of financial remuneration should not be established if it cannot be maintained at the end of external assistance. At the same time, a mechanism should be developed for motivating and retaining top national experts.

2. Co-ordination

34. It was noted throughout the review that in order to maximize the impact of development assistance allocated to Egypt, there must be improved co-ordination at the programme level. A shift from a project-oriented to a programme approach should facilitate better co-ordination among all parties. At the project level, mechanisms such as steering and technical co-ordinating committees should continue to be established to minimize overlapping of efforts and to ensure that feedback from project experience is widely disseminated. All participants at the final review meeting expressed interest in holding similar joint meetings on a regular basis of all relevant organizations and bodies of the United Nations system together with government ministries, to improve co-ordination of their activities as well as to discuss important issues of common concern.

3. Mobilization of resources

35. The report concluded that actual cost-sharing contributions were lower than originally envisaged because, in most cases, cost sharing was approached on a project-by-project basis. A shift from a project-oriented to a programme approach in the future should ensure that projects proposed for financing on a cost-sharing basis would be an integral part of a carefully defined programme. A programme approach should also identify complementary areas for future follow-up financing while providing greater flexibility.

4. Area development

36. The review noted that an overwhelming majority of ongoing projects were located in and around Cairo and, to a lesser extent, Alexandria. By adopting an area development focus, future programming would be able to target the need for technical assistance at a number of levels - literacy, basic health, employment - in disadvantaged communities in heretofore under-serviced areas of the country. The

multi-sectoral planning entailed in area development also lends itself readily to a comprehensive programme approach through which all organizations and specialized agencies of the United Nations, bilateral donors and non-governmental organizations can participate.

5. Environment

37. The review confirmed that all projects will continue to be assessed as to their respective environmental impact. Not only will concern with the environment be incorporated at all stages of future project conceptualization and formulation, but specific environmental problems, particularly within the context of area development, will be targeted at the programme level in the next cycle.

6. Women in development

38. The review concluded that more attention should be paid at the programme level to addressing the role of women as both participants and beneficiaries in the development process. In this regard, the holding of an international Arab women's conference at Cairo in May 1990 under the sponsorship of the UNDP Regional Programme for Arab States is particularly timely.

7. Private sector

39. As with environment and women in development (WID), the review stressed that the private sector should continue to be given special consideration. Project proposals should be more carefully appraised not only as to the role of the private sector within the project itself but, more importantly, in the context of the sub-sector within which the project is located. It was further recommended that the involvement of the private sector not only during project implementation but also as an end-user should also be addressed.

8. Technical co-operation among developing countries

40. The Government of Egypt was host to a conference in July 1988, to promote technical co-operation among developing countries (TCDC) between Egypt and 15 African countries. The Government reaffirmed its interest in promoting TCDC and proposed that future TCDC efforts comprise study tours and the establishment of twinning arrangements between national institutions.

E. Consistency of the programme and linkages with macro-economic framework

41. With a burgeoning population growing at an annual rate of 2.8 per cent, an external debt estimated at $40 billion and an economy constrained by continuing weakness in its balance of payments, it seems clear that the foreign exchange

constraint has become even more pressing than at the time of the preparation of the fourth country programme. Consequently, development and adjustment policies are increasingly more concerned with improving the use of existing capacities, increasing productivity and reducing losses in production and distribution by improving the overall efficiency of the country's economic and administrative systems. Both the country programme's development objectives and its areas of concentration are consistent with these macro-economic conditions.

V. EVALUATION OF THE PROGRAMME

42. The review concluded that no further evaluation was needed on an overall programme level. However, given the large amount of IPF resources allocated to various technical development centres, it was decided that a comprehensive evaluation should be made of the impact of this assistance on the overall programme for capacity-building in industry.

43. Similarly, the review recommended that there should be several ex post evaluations of projects in areas in which the next programme may be involved, such as area development, in order to determine the social, institutional and financial conditions required to ensure the replicability and sustainability of successful approaches. Further, to make such evaluations more meaningful and cost effective, it was decided that, wherever possible, projects should be evaluated in a cluster.

VI. CONCLUSIONS AND RECOMMENDATIONS OF THE REVIEW

44. The review concluded that the three priority development objectives referred to in the fourth country programme document (DP/CP/EGY/4), as well as the four major areas of concentration, are on track and still relevant to the development needs and priorities of Egypt.

A. Proposed adjustments

45. By way of fine-tuning, the review acknowledged that "transfer of technology" and "human resources development and training" are common features of the UNDP programme in Egypt; hence, it was decided not to categorize them as separate areas of concentration. The review also concluded that employment generation and an improved balance among population, space and environment should be given greater emphasis in future programming.

46. As to implementation of the balance of the fourth country programme, the review reiterated the importance of selecting high calibre, short-term international experts and identifying appropriate training mechanisms, bearing in mind Egypt's existing capacities, its need for the transfer of advanced technology and the unique role UNDP can play in matching these needs with the best available sources of expert knowledge.

47. The review concluded that the following criteria should be applied to the selection of pipeline projects to be funded against the remaining uncommitted IPF resources of the fourth cycle:

(a) Contribution to the creation of jobs;

(b) Complementarity and concentration of efforts as opposed to fragmentation;

(c) Capacity-building;

(d) Soundness of the proposed project design and absorptive capacities of the targeted beneficiaries;

(e) Replicability and sustainability;

(f) Potential for investment follow-up.

B. Programming approach for the fifth country programme

48. A major conclusion of the mid-term review was that in a number of areas such as industrial development and public services delivery, as well on a number of different levels - operational, managerial, policy and financial - the potential impact and sustainability of UNDP technical assistance apparently would have been greater if development needs had been determined through a programme rather than a project-oriented approach.

49. The review suggested that the experience gained in the preparation of the programme of technical co-operation for the agricultural development and water management sector covered by the fourth country programme could serve as a reference for the preparation of the fifth country programme. More specifically, it was recommended that the technical co-operation needs in each area of concentration be identified by missions to assss needs within the framework of a comprehensive capacity-building programme.

50. Finally, the review concluded that government or national execution should be considered as an important element of increased self-reliance and a key mechanism for national capacity-building in programme management. It was therefore recommended that the use of this modality of execution should be encouraged and increased wherever possible in the next cycle.

Annex I

FINANCIAL SUMMARY

Fourth country programme for Egypt

		Millions of United States dollars
I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		
A. Total resources taken into account for programming at time of approval of country programme		
IPF allocations		29.40
Programme cost sharing		-
Government project cost sharing a/		8.00
Third party cost sharing a/		3.50
Other sources		-
		40.90
B. Resources taken into account for programming at time of mid-term review		
IPF allocations	37.03 b/	
Programme cost sharing	-	
Government project cost sharing	3.70	
Third party cost sharing	1.10	
	41.83	
C. Net change in resources (increase)		0.93
D. Net change in IPF allocations (increase)		7.63

II. USE OF RESOURCES

	Start of country programme (January 1987)	Mid-term (October 1989)
Approved projects IPF	2.04	34.38
C/S	-	4.80
Project proposals	36.58 c/	7.32
Unprogrammed reserve	2.28	(4.67)
	40.90	41.83

a/ Cost sharing to be negotiated on a project-by-project basis at project formulation stage.

b/ Exclusive of $917,000 borrowed during the third cycle against the resources of the fourth cycle.

c/ Includes estimated government and third-party cost sharing of $11.5 million.

Annex II

LIST OF PROJECTS AT MID-TERM REVIEW

Fourth country programme for Egypt

A. Industrial development

EGY/77/004	Plastics Development Centre
EGY/78/003	EIRDC
EGY/79/001	IVTC
EGY/80/018	MIS for Arab Contractors
EGY/81/006	Pesticide Pilot Plant
EGY/81/010	Sugar Development Centre
EGY/81/011	Industrial Training Advisory Service
EGY/81/012	Managed Maintenance Metallurgical
EGY/81/016	ENPPI
EGY/81/028	Industrial Consultancy Services
EGY/81/029	Plastics Development Centre for Agriculture
EGY/83/001	Energy Conservation in Industry
EGY/84/006	South Hussaniya - Lake Manzala
EGY/85/002	Energy Conservation - (new)
EGY/85/004	Managed Maintenance for Africa
EGY/85/008	Fertilizer Development
EGY/86/002	Food Development Centre
EGY/86/004	Feeder Industries
EGY/86/010	Fashion and Design Centre
EGY/86/019	Technical Education
EGY/86/026	Semi-Industrial Laboratories
EGY/87/013	Arab Contractors Management Training Centre
EGY/87/017	Potassium Sulphate-El Max Salines a/
EGY/87/022	Capital Goods - Hawandieh
EGY/88/001	Manufacture of Wind Turbines
EGY/88/002	Plastics in Construction
EGY/88/007	Electric Power Capacitors
EGY/88/020	Pesticide Intermediate a/
EGY/88/021	Titanium (ilmenite) investment a/
EGY/88/029	Manufacture of High Rupture Fuses
EGY/88/030	Improve your Business a/
EGY/88/031	R&D Centre a/
EGY/88/032	Industry Umbrella Project a/

B. Agricultural development and water management

EGY/79/020	Amelioration - Deteriorated Soils
EGY/81/032	CATGO - Phase II
EGY/81/036	Hydraulic Research Institute
EGY/81/040	Improved Farming Systems

EGY/82/005 Remote Sensing I
EGY/82/007 Beef Industry
EGY/82/013 Agricultural Development - Bahareya
EGY/82/014 Rice Technology
EGY/83/003 Master Plan for Coastal Protection
EGY/84/007 Water Master Plan - Phase II
EGY/85/001 Noubaria - Phase I
EGY/85/012 Rehabilitation Water Delivery Systems
EGY/86/006 Water Research Centre
EGY/86/007 Remote Sensing - Phase II
EGY/86/013 Control of Brucellosis
EGY/86/014 Protected Cultivation
EGY/87/010 North West Capital Zone
EGY/87/016 Irrigation Pumping Stations a/
EGY/88/011 Genetic Engineering - Agriculture
EGY/88/012 Noubaria - Phase II a/
EGY/88/024 Experts System a/
EGY/88/040 NAGEL

C. Public administration management

EGY/81/037 Electricity/Energy Data Bank - Phase I
EGY/83/006 TOKTEN
EGY/84/003 Trade Information Services
EGY/84/005 Patent Office
EGY/85/006 Cabinet Information System
EGY/85/007 Import Management
EGY/85/009 Debt Management
EGY/85/010 Capital Markets a/
EGY/86/011 Export Promotion Studies
EGY/86/023 Technology Network
EGY/86/029 Electricity/Energy Data Bank - Phase II a/
EGY/87/004 Assistance to ASD (CAPMAS)
EGY/87/011 TCDC Programming Exercise
EGY/87/015 Export to ASKAN Countries
EGY/88/017 Computerized System (Presidency)
EGY/88/039 Presidency Comp. Sys.

D. Public services delivery

EGY/73/058 Aquatic Pollutions
EGY/76/001 Suez Canal
EGY/78/011 Radiation Technology - Phase II
EGY/78/018 Health Laboratory Services
EGY/79/016 Maritime Examinations
EGY/80/001 Science Education Centre
EGY/80/008 Mentally Handicapped
EGY/81/002 Hotel Training & Management Development

EGY/81/014	Laboratory for Virus Diseases
EGY/81/019	Maintenance of Medical Equipment
EGY/81/035	Civil Aviation Training
EGY/81/038	Solar and Wind Energy
EGY/82/002	Drinking Water Supply & Sanitation
EGY/82/006	Social Defence
EGY/83/002	Bilbarzial Lesions
EGY/83/005	Egyptian Railways
EGY/84/002	Public Health Services - Phase II
EGY/85/003	Gas Turbine - Mahmoudia/Damanhour
EGY/86/001	Middle Delta Bus - Phase II
EGY/86/016	Maintenance W/S for Gas Turbines
EGY/86/017	Nursing Education
EGY/86/018	Upgrading Communicable Disease Services
EGY/86/025	Umbrella Project a/
EGY/86/028	Advanced Training in Civil Aviation
EGY/87/001	Rehabilitation of Juvenile Delinquents
EGY/87/002	Disaster Preparedness
EGY/87/003	Development of Self-Financing System
EGY/87/006	Electronic Mail Services
EGY/87/012	National Port Training Centre
EGY/87/018	Genetic Engineering
EGY/88/003	Alexandrina a/
EGY/88/006	National Employment Strategy - 1990s a/
EGY/88/008	Control of AIDS a/
EGY/88/010	Ministry of Civil Aviation - Fellowships a/
EGY/88/035	Development of Computer Education Programme a/
EGY/88/036	Rehabilitation of CAI/DAM a/
EGY/89/005	Env. Hazard Control a/

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a/ Projects approved but not included in original country document (DP/CP/EGY/4).

Annex III

NUMBER OF PROJECTS AND ALLOCATION OF RESOURCES BY AREA OF CONCENTRATION, 15 OCTOBER 1989

Fourth country programme for Egypt

Area of concentration	Country programme		Mid-term review				
	Ongoing projects	Proposed projects	Ongoing projects	Completed projects	IPF (thousands of US dollars)	CS	IPF percentage
Agricultural development and water management	14	6	10	12	10 088	657	30
Industrial development	15	10	19	13	11 228	1 727	33
Public administration management	15	6	11	4	6 325	458	18
Public service delivery	15	12	21	13	6 743	1 941	19
Total	59	34	61	42	34 381	4 782	100

/...

Annex IV

DISTRIBUTION OF PROGRAMME RESOURCES BY BUDGET COMPONENT,
15 OCTOBER 1989

Fourth country programme for Egypt

Budget component	1987	1988	1989	1990	1991	Total	Percentage
	(United States dollars)						
Project personnel	1 579	1 768	3 386	2 523	891	10 147	26
Sub-contracts	1 248	1 748	3 591	1 797	697	9 081	23
Training	371	843	2 422	1 324	461	5 421	14
Equipment	2 779	4 030	4 831	1 566	316	13 522	35
Miscellaneous	90	178	468	171	89	996	2
Total	6 067	8 567	14 698	7 381	2 454	39 167	100

UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1990/38/Add.5
23 March 1990

ORIGINAL: ENGLISH

Thirty-seventh session
28 May-22 June 1990, Geneva
Item 5 (b) (i) of the provisional agenda

SUPPORT

PROGRAMME PLANNING

COUNTRY, INTERCOUNTRY AND GLOBAL PROGRAMMES

Reports on mid-term reviews of country, intercountry and global programmes

Mid-term review of the fourth country programme for Ghana

Report of the Administrator

I. SUMMARY OF THE COUNTRY PROGRAMME

1. The fourth country programme for Ghana (DP/CP/GHA/4) focuses on human resource development in support of (a) economic recovery and structural adjustment and (b) participatory rural development. Three major objectives and subprogrammes were identified under this theme. These are:

(a) Strengthening the capacity of the Government for planning and economic management;

(b) Promoting grass-roots participation in rural development;

(c) Strengthening Ghanaian institutions providing training and consultancy services.

2. As at 1 October 1989, a total of 52 projects were under implementation with another 19 in the pipeline at various stages of formulation and approval. While most projects had been identified for subprogrammes 1 and 2 during implementation of the country programme, only three projects had been identified for subprogramme 3.

3. With the exception of the slow progress in implementation of the third sub-programme, the Government expressed general satisfaction with the overall content and progress of the country programme. It was hoped that the current national technical co-operation assessment and programmes (NATCAP) exercise would identify additional projects for subprogramme 3, which the Government still considered important and desirable.

4. In general, the fourth country programme has been able to promote a more comprehensive approach to resource planning and has created a better sense of partnership between UNDP and the Government. Most of the United Nations agencies involved in the implementation of the programme considered the country programme to be a useful framework for co-ordinating United Nations technical assistance to Ghana.

5. Many of the United Nations agencies noted, however, that the potential offered by the country programme for consultation and co-ordination among the agencies had not been sufficiently realized. Constraints that hindered uniform application of the country programme include the lack of harmonization of agency planning cycles with Ghana's own national planning cycle; lack of common formats and procedures for implementation and evaluation. Some agencies also expressed scepticism about the NATCAP approach to assisting the Government in establishing sectoral priorities for technical assistance.

II. PREPARATORY ACTIVITIES FOR THE MID-TERM REVIEW

6. Preparatory activities undertaken by the Government and UNDP for the mid-term review included the following:

(a) Detailed analysis by a joint working group of the status and implementation of the fourth country programme, including a financial review of the programme;

(b) Studies by national consultants on specific aspects of the operations and performance of the country programme, including: aid co-ordination; co-ordination of UNDP planning support activities; joint programming within the United Nations system agencies in Ghana; donor support for local-level planning; modalities for project execution; use of national project professional personnel; and an analysis of the environmental impact of UNDP-assisted projects in Ghana;

(c) A seminar to review and synthesize the consultants' reports, which was attended by senior officials of the Ministry of Finance and Economic Planning, UNDP programming staff, the Field Economist unit, and the consultants;

(d) Collation of contributions by government implementing agencies and concerned United Nations executing agencies on issues related to programme delivery, including views on the relevance of the country programme as a tool for the improved co-ordination of United Nations technical assistance to Ghana;

(e) Preparation of a comprehensive background document that summarized the results of the preparatory work to form a basic reference for the mid-term review sessions.

7. The mid-term review sessions were held on 11-12 October 1989. In order to ensure comprehensive coverage of the issues and to permit full representation of all parties involved in the programming of UNDP assistance in Ghana, over 120 people were invited by the Government to attend the review sessions. These included staff of the Ministry of Finance and Economic Planning and senior officials from sectoral ministries and other agencies of the Government; technical assistance personnel and government personnel assigned to UNDP-financed projects; field and Headquarters representatives of United Nations executing and funding agencies and the World Bank; and the programming staff of the UNDP field office in Accra. An official from UNDP headquarters in New York was also present at the mid-term review meeting.

III. MAJOR FINDINGS OF THE REVIEW

A. Resource picture

8. Available resources and their allocations are presented in the annexes. The review took into account only resources under the indicative planning figure (IPF) and cost-sharing funds.

9. A marked improvement occurred in the delivery of country programme resources during the first three years (1987-1989) of the current cycle. Delivery almost doubled to approximately $8.5 million in 1989 from $4.6 million in 1987 and $3.4 million in 1986.

10. However, the delivery rate, which is currently about 68 per cent, is still low compared with other African countries. This is attributable to such factors as delays in providing the various inputs, in particular personnel; inadequate rephasing of budgets; overcosting of personnel; and the lack of detailed specification of equipment and training programmes.

11. A delivery rate target of at least 70 per cent has been established for each of the remaining two years of the fourth cycle.

12. There has been a marked discrepancy between the proposed and actual distribution of expenditure of funds in the implementation of the country programme so far. Subprogrammes 2 and 3 have been undercommitted as a result of slow progress in project identification, formulation and approval. The agreed pipeline of projects will result in subprogrammes 1 and 2 being overcommitted and subprogramme 3 being on target by the end of the cycle.

13. The review revalidated the original allocation of funds to the three subprogrammes, but also endorsed the high commitment to the planning objective during the first half of the cycle. It was also agreed that assistance towards strengthening the Government's planning and economic management capacity should

continue in accordance with the agreed pipeline of projects, even if it would imply a certain revision of resource allocation.

14. Project formulation and approval should be expedited and aimed at additional spending under subprogrammes 2 and 3 during 1990 and 1991.

B. National technical co-operation assessment programmes

15. As formulated and approved in 1987, additional projects for the country programme, especially for objective 3, were to be identified through the NATCAP exercise. Furthermore, the NATCAP exercise was expected to influence the Government's approaches to technical co-operation, both by expenditure of the amount of the reserve allocated to it, as well as by its general influence on the approach to design, execution and implementation of projects.

16. However, the NATCAP started late, and because of other internal problems has yet to generate projects for implementation or have a significant impact in any other area.

17. The NATCAP project has not advanced as envisaged for two reasons:

(a) Delay on the part of the Government in the final consideration and approval of the draft policy framework paper on the NATCAP; and

(b) Slow response from headquarters on requests specifically related to this exercise.

18. There is clearly, therefore, a need for wider and more vigorous dissemination of NATCAP principles and objectives. While recognizing the lead role Government is to play in the implementation of the NATCAP, it is expected that UNDP will be a major actor in the medium term while the existing and proposed national structures for economic management and planning are being developed and strengthened.

C. Co-ordination of UNDP planning support activities

19. The absence of a coherent structure in the subprogramme for strengthening government capacity for planning and economic management, which militates against the effective co-ordination of planning projects, clearly illustrates the difficulties arising from failure to apply NATCAP principles.

20. The problem of co-ordinating UNDP-support planning projects, numbering 22 at the time of the mid-term review, is aggravated by the wide variation in executing agencies. Overall, the way the subprogramme of planning projects is designed, administered and implemented, does not reflect government's aims to create an integrated, comprehensive, and decentralized system of development planning in Ghana.

21. Recommendations for strengthening the planning subprogramme included the following:

(a) UNDP assistance should be obtained to appoint a planning programme co-ordinator, to be located in the Ministry, with the objective of strengthening the co-ordination of UNDP planning assistance to Ghana;

(b) In-country training workshops and seminars should be held to train national planning staff in such areas as the design and appraisal of development projects, the monitoring of project implementation and on the monitoring of the performance of the economy.

D. Execution modalities

22. The majority (82 per cent) of the projects are executed by United Nations agencies or the Office of Project Services (OPS). However, since the start of the fourth country programme in 1987, government execution of projects has been on the increase, and currently accounts for 18 per cent of all projects, and 10 per cent of IPF expenditure.

23. The percentage of projects directly executed by OPS has remained constant at 24 per cent during the period, whereas the share of the specialized agencies has fallen from 65 per cent in 1987 to 58 per cent.

24. The various execution modalities use different input mixes. Significantly, under government execution, proportionately more resources are allocated to training and equipment than under the other two execution modalities. Whereas government execution does not involve subcontracts and agency execution allocates only 12 per cent to subcontracting, OPS-execution relies heavily on subcontracting and allocates 41 per cent of its resources to this modality.

25. Experience with subcontracting as a means of cost-effective delivery of technical co-operation has not been convincing in Ghana to date. Long delays have been encountered in the awarding of contracts and in the fielding of personnel. Furthermore, subcontracting has militated against South-South co-operation since most subcontractors are based in Western Europe and North America. Also, the level of remuneration under subcontracting may be two or three times higher than standard United Nations rates. The major success so far has been a case in which the Government itself identified the subcontractor.

26. Most problems associated with project execution are generally the same, regardless of execution modality. They include problems of input delivery, inadequate co-ordination, and delays in the approval process. Under agency and OPS execution, the awarding of subcontracts and the fielding of experts have been the main delaying factors in project start-up.

27. Delays have been experienced in the awarding and implementation of several subcontracts for OPS projects. On the other hand, the heavy concentration on

in-country training and equipment in government-executed projects results in minimal start-up delays following project approval.

28. While increased use of government execution is welcomed by the Government as a way to increase self-reliance, it is recognized at the same time that existing circumstances, such as inadequate institutional capability, do not always allow for this modality.

29. The increased use of government- and OPS-executed projects have added to the work-load of field office staff, as project staff on these projects are not familiar with existing procedures, rules and regulations for project administration and management, especially financial monitoring.

30. Major recommendations on execution modalities include the following:

(a) All projects need to be formulated based on a careful assessment of the Government's managerial, administrative and technical capabilities for executing the project. An appraisal has to be made of the institution's method and scope of work, its manpower capacity, and institutional affiliation and funding;

(b) There is a need for a backstopping agency for government-executed projects and a more vigorous supervision by the field office. Monitoring arrangements should be specified in the project document as well as arrangements for co-ordination between executing and co-operating agencies;

(c) Consideration should be given to the use of add-on funds to strengthen the capacity of the Government and of the field office to meet additional demands from government execution;

(d) International subcontracting under agency execution should be discouraged until agencies have improved their capacity in this field;

(e) OPS should be urged to invite consulting firms from areas other than North America and Europe to make bids as this might prove to be less expensive and open up new areas of expertise.

E. Use of national professional project personnel

31. In order to enhance its own capacity for technical assistance and also to reduce reliance on foreign expertise, the Government has expressed its intention to promote the optimal use of nationals in technical co-operation projects. UNDP efforts in this direction lie in the use of national professional project personnel in the implementation of technical co-operation projects. Additionally, UNDP assistance is being provided for the implementation of a project to help develop the local consulting industry. This collaborative effort between the Government and UNDP will result in the preparation of action plans and draft policy directives and guidelines which will assist in the formulation of legal guidelines on the local consulting industry.

32. The utilization of national professional project personnel in programme implementation has increased under the fourth country programme from virtually zero to about 50 per cent total man-months of professional expertise recruited for 1987 and 1988. Overall, the performance of national professional project personnel has been encouraging and their use is more cost-effective than that of international professional project personnel.

33. These initiatives notwithstanding, the use of national experts has revealed certain problems calling for:

(a) A comprehensive set of policy guidelines on the roles that nationals should play in the implementation of technical co-operation projects;

(b) The utilization of junior national professionals on technical co-operation projects as a means for helping them acquire experience in technical co-operation activities;

(c) Preference to nationals as project managers;

(d) Consideration of payment of allowances to counterpart project personnel to enhance the capacity of the Government to recruit or retain key staff required for the implementation of UNDP-assisted projects.

F. Concerns of United Nations executing agencies and government implementing agencies

34. Widespread concern was expressed about the project identification, design and formulation process. National implementing agencies, in particular, complained of their minimal involvement in these processes. Both implementing and executing agencies expressed the view that projects are often overambitious and unrealistic in objectives and required outputs. Also, budgetary provisions and time required to complete project activities were considered to be frequently underestimated. In addition, concern was expressed about the sustainability of projects after UNDP assistance is terminated.

35. Executing agencies observed that implementing agencies generally have weak institutional and administrative capabilities which reduce their capacity to absorb technical co-operation and lead to low delivery rates. A related problem is delays in the release of Government counterpart funds and procurement of equipment. Additionally, there is often overlap and duplication of technical co-operation projects as a result of the Government's weak capacity overall to manage and co-ordinate technical co-operation programmes. This particular problem is compounded by fragmentation of sectoral responsibilities and functions among Government ministries and departments.

36. Problems of counterpart staffing also give cause for concern. These problems include: delays in the identification or recruitment of suitably qualified nationals; frequent transfers and high rates of staff turnover in the civil service; and low rates of retention of project-trained nationals. Frequently, the

lack of suitably qualified counterparts cause experts to work with less qualified national staff who lack the experience and understanding to derive full benefit from the expertise provided.

37. On the other hand, implementing agencies criticized the tendency of project training to focus on high-level personnel to the neglect of middle-level staff. This emphasis on high-level training ignores the overall training needs of implementing agencies. It was proposed that technical co-operation programmes should have large training components and less dependence on foreign experts. Foreign expertise should be utilized only in instances where local expertise is not available.

38. As a measure for overcoming some of the expressed concerns and also the complexity of application procedures and policy changes concerning the project formulation approval and implementation process, the UNDP field office has increased and strengthened its staff, and improved communication links with the Government and project management. In addition, executing agencies have been requested to respond early on issues related to project implementation.

39. In order to improve co-ordination and programme delivery, communication between ministries as well as between the Government and UNDP is being strengthened. In particular, sectoral ministries are to ensure that they have in-depth consultation on new project ideas with International Economic Relations Department of the Ministry of Finance and Economic Planning. It is expected that all agencies will review the different components of the project cycle so that a positive impact can be made on project delivery. Finally, donor activities are to be harmonized to reduce duplication and to reduce the project monitoring and evaluation work-load of an already over-burdened and constrained Government co-ordinating agency.

G. Aid co-ordination

40. The Government has several mechanisms for aid co-ordination. These include the International Economic Relations Division of the Ministry of Finance and Economic Planning, which is the official UNDP contact point with the Government of Ghana. Despite recent efforts - some with UNDP assistance - to strengthen the Division, it is still too weak, largely as a result of the lack of staff, to perform its aid co-ordination and management tasks effectively. Equally important, substantial weaknesses and inconsistencies exist in the overall system for aid co-ordination and management. In particular, the multiplicity of Government institutions that have responsibility for aid management has weakened the Government's ability to direct the operations of various agencies. Some United Nations agencies, the World Health Organization (WHO) for example, relate directly to sectoral ministries, thus bypassing the division and further compounding the problems of aid co-ordination.

41. Donor support and co-operation is required for the establishment of a strong and cohesive machinery for the co-ordination of technical co-operation. On the Government side, there is commitment to strengthening and improving co-ordination and consultation between and within ministries. Further, it is envisaged that the

establishment of the proposed National Development Planning Commission will lead to further measures for ensuring better co-ordination of technical co-operation.

42. The various schemes put in place by the United Nations system, under the supervision of the United Nations Resident Co-ordinator, have considerably improved government efforts to establish an effective system for aid administration and management. At the sectoral level, the United Nations agencies have effectively collaborated and formulated joint programmes. Examples of these are the joint programmes by UNDP/WHO in the fight against AIDS; the UNDP/United Nations Children's Fund (UNICEF)/WHO collaborative effort in the fight against tropical diseases; the joint implementation of the International Drinking Water Supply and Sanitation Decade (IDWSSD).

43. These positive developments notwithstanding, the present nature of the institutional structures guiding the operations of the various United Nations agencies - including for example, the autonomy of the Governing Councils of the specialized agencies, and their different operational directives and programming cycles - inherently limit the extent and scope of collaboration and co-ordination among these organizations. The successful integration of programmes will therefore require fundamental restructuring of the management, programming and operational framework for technical co-operation provided by the United Nations system.

H. Issues for special consideration

44. Issues for special consideration that were reviewed were: women in development (WID); environmental issues, impact of United Nations-assisted projects; and the role of non-governmental organizations (NGOs) in the delivery of technical co-operation.

45. Although much progress has been made, a survey of WID issues in all UNDP-assisted projects indicated that participation of women has not been completely operationalized in the objectives, outputs or activities of mainstream development projects under the country programme. Problems associated with including WID issues in project design were attributed to:

(a) The lack of clear guidelines and instructions on how to incorporate WID issues in the formulation, monitoring and evaluation of projects; and

(b) The inadequacy of the WID review form as a formulation tool.

46. With regard to project implementation, an increasing number of women serve as project personnel. Overseas training and fellowship programmes have been biased towards men, although women benefit from in-country training programmes.

47. An analysis of the environmental impact of UNDP-assisted projects revealed that none of them has had any major negative impact on environmentally vulnerable areas. Little conscious effort is made to incorporate environmental considerations in the formulation and design of most projects. However, successful efforts are made to restore ecological imbalance through a number of projects.

48. The voluntary sector in Ghana is well developed and organized and comprises both national and international organizations. Lack of skilled personnel and funds constrain the operations of indigenous NGOs, and UNDP assistance is being provided to train their project managers.

49. Recommendations on issues for special consideration include:

(a) Reports on studies initiated by UNDP should be examined and used as a basis for a country profile on WID issues in Ghana;

(b) Project documents should be more specific on how WID issues will be safeguarded by specifying project activities targeted at women;

(c) Women should be equal beneficiaries under project activities;

(d) Project managers and field-office staff should continue to be trained on how to incorporate WID issues in project design and implementation;

(e) Environmental considerations should be made an integral part of UNDP projects and an environmental impact assessment should be undertaken early in the project identification and formulation process;

(f) An NGO desk should be created in all line ministries to facilitate co-operation with NGOs and an NGO advisory council should be established under the chairmanship of the Ministry of Mobilisation and Social Welfare.

IV. FUTURE DIRECTION OF THE COUNTRY PROGRAMME

A. Priorities for the second half of the current country programme

50. There has been no significant change in the Government's economic reform programme. The central task is to maintain real gross domestic product (GDP) growth of at least 5 per cent per annum in the face of substantial deterioration in terms of trade. Additional policies will further emphasize measures to increase the level of investment, bring down the rate of inflation and improve resource management in the public sector. These reforms will not negate the validity and relevance of the current country programme.

51. It was proposed that there be a review of objective 1 to assess the impact of the programme and to establish criteria for new planning projects and guidelines for linking planning projects more closely to sectoral projects.

52. With the emerging decentralized planning framework, assistance to build up planning capacity has been identified as deserving top priority for both the remainder of the present cycle of the country programme as well as during the fifth programming cycle. Especially important in this regard is training for all key personnel at the various levels of the new planning structure. In addition, the Government should receive assistance to strengthen its capacity to prepare and formulate its own projects.

53. Assistance for human resources development should be consolidated in the remainder of the fourth cycle, using the NATCAP as a framework for technical assistance.

54. Another high priority area is agriculture, and new project proposals will be prepared.

B. Implications for the fifth programming cycle

55. In concluding the mid-term review, the Government expressed the need for further meetings with UNDP to discuss priority areas for technical co-operation for the remainder of the current cycle and also to determine those for the fifth cycle. Further, the Government proposed that more regular meetings be held on the country programme with UNDP and sectoral ministries, as well as with project managers and personnel to discuss problems of project implementation. Related to this is the Government's intention to examine thoroughly with UNDP the weaknesses and needs of the International Economic Relations Division.

56. In the course of these discussions with the Government, the following were put forward as the focus for the future:

(a) Expansion of objective 2 (Promoting grass-roots participation in rural development) to integrate income-generating and other productive activities;

(b) Expansion of objective 3 (Strengthening Ghanaian institutions providing training and consultancy services);

(c) Increased support to science and technology projects and in particular to research institutions;

(d) Narrowing the focus of objective 1 (Strengthening the capacity of the Government for planning and economic management) and forging greater links between the planning process and sectoral projects;

(e) Incorporating NGOs in grass-roots activities under objective 2;

(f) Embodying environmental issues and concerns in all project formulation.

Annex 1

FINANCIAL SUMMARY

	$	$
I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		
A. Total resources taken into account for programming at time of approval of country programme (including non-IPF funds)		40 887 000
B. Resources taken into account for programming at time of mid-term review a/		
IPF allocations	40 535 000	
Programme cost-sharing	0	
Government project cost-sharing	1 432 000	
Third-party cost-sharing	0	
Other sources	-	
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		41 967 000
C. Net change in resources		1 080 000

II. USE OF RESOURCES	Start of country programme (1986)	Mid-term (1988)
Approved projects b/	10 833 000	33 970 000
Project proposals c/	19 832 000	10 740 000
Unprogrammed reserve	10 222 000	(2 743 000)
TOTAL	40 887 000	41 967 000

a/ Excluding non-IPF funds.

b/ Including cost-sharing.

c/ Excluding projects agreed to in principle, but not yet formulated.

Annex 2

DISTRIBUTION OF RESOURCES BY OBJECTIVES

Country programme objectives	Allocations	Actual Expenditures	Revised allocation as a result of mid-term review
	(Percentages)		
Strengthening Government planning and management capacity	54	70	68
Promoting grass-roots participation in rural development	28	20	18
Strengthening Ghanaian institutions providing training and consultancy	16	8	12
Other	2	2	1

UNITED NATIONS

DP

Governing Council of the United Nations Development Programme

Distr.
GENERAL

DP/1990/38/Add.6
12 April 1990
ENGLISH
ORIGINAL: FRENCH

Thirty-seventh session
28 May-22 June 1990, Geneva
Item 5 (b) (i) of the provisional agenda

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COUNTRY, INTERCOUNTRY AND GLOBAL PROGRAMMES

Reports on mid-term reviews of country, intercountry and global programmes

Mid-term review of the fourth country programme for Zaire

Report of the Administrator

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I. PREPARATION OF THE MID-TERM REVIEW

1. Extensive preparations for the mid-term review of the fourth country programme for Zaire were conducted from May to December 1989. The overall review was preceded by sectoral reviews or studies for each of the main programme sectors: economic management; agriculture and rural development; social development; and transport and communications. The industrial sector was the only sector for which a special study was not conducted, UNDP-funded activities in that sector having barely begun.

2. For the economic management sector the sectoral review was preceded by reviews of the main projects in the sector. For the social development sector, on the other hand, the sectoral review was supplemented by a strategic study that coincided with the holding of a social sector round table at Kinshasa on 30-31 October 1989 and with the launching of a social sector adjustment programme. The review of the UNDP programme in the social sector was also conducted jointly with the review of the United Nations Children's Fund (UNICEF) and United Nations Population Fund (UNFPA) programmes.

3. The review exercise mobilized several national and international consultants and received close co-operation from the relevant departments of the Executive Council of Zaire and from the United Nations executing agencies concerned.

4. The results of the review were presented to the joint review meeting held on 5-6 December 1989. The joint review meeting was highly successful and was attended by over 200 people representing the Executive Council, United Nations agencies (International Labour Organization (ILO), Food and Agriculture Organization of the United Nations (FAO), UNFPA, Office of the United Nations High Commissioner for Refugees (UNHCR), World Intellectual Property Organization (WIPO), World Health Organization (WHO), United Nations Industrial Development Organization (UNIDO), World Food Programme (WFP), United Nations Educational, Scientific and Cultural Organization (UNESCO) and UNICEF), donors and the various groups involved in the country's economic and social development.

II. OVERVIEW OF THE FOURTH COUNTRY PROGRAMME

5. The fourth country programme for Zaire was designed to support four major objectives of the five-year plan 1986-1990:

(a) To assist the Executive Council in achieving a standard of economic management which would make it possible to design policies and programmes ensuring an annual growth rate of 4 per cent;

(b) To provide public institutional support for growth in the private agricultural and industrial sectors;

(c) To promote an appreciable improvement in social well-being and to make the necessary human resources available for development;

(d) To participate in the rehabilitation of certain transport and communications systems essential for economic growth.

6. The general theme of the programme was the development of Zaire's human resources to meet the needs of the sectors chosen for UNDP assistance. It was structured into four sectors, each corresponding to one of the objectives defined above. It currently comprises 26 ongoing projects.

III. PROGRESS MADE IN EXECUTING THE PROGRAMME

A. Support for economic management

7. The programme covers three major areas: economic management proper (planning and statistics); public administration; and public enterprises.

8. Assistance to the public enterprise sector was in line with structural adjustment policies and was intended to rationalize the role of the State in this sector and reduce the burden on public finances. UNDP assistance involved financing a study (ZAI/83/013 - Study of public enterprise reform), the conduct of which was entrusted to the World Bank. This study, which took the form of a number of diagnoses by external consultants, resulted in recommendations on privatizing, liquidating or maintaining enterprises in the State portfolio. A new oversight mechanism, the Higher Council for Portfolio, was proposed and subsequently created for the State portfolio, as was the adoption of a management approach that gave greater autonomy to enterprises through the system of programme contracts. UNDP assistance to this sector can thus be said to have been appropriate and to have achieved its objective of making a diagnosis and presenting the Executive Council with decision-making options. UNDP involvement in the areas of economic management and public administration was far greater; the objectives were more ambitious and the results are less conclusive.

9. Three projects that were already under way before 1987 are being executed to support economic management. Project ZAI/83/019 - Strengthening of the National Statistical Institute was intended to reactivate the launching of a national statistical system to produce the information essential for economic management and, subsequently, to permit the processing of data from the 1984 census. Project ZAI/86/001 - Support for national planning was intended to set up a system for following up on the execution of investment projects, to regionalize preparations for the second five-year plan and to strengthen the planning capacities of certain departments. A third project, ZAI/84/011 - Support for the Department of External Aid Co-ordination, was intended to strengthen the capacity of the Planning Department to follow up and mobilize external aid flows, play its role as secretariat of the Follow-up Commission of the Donors' Consultative Group and extend co-ordination to include technical assistance and non-governmental organizations (NGOs).

10. The review of these three projects shows that they have achieved only some of their objectives. Despite the positive results achieved in training and statistics production, a national statistical system has yet to be established, such essential statistics as the national accounts are not being produced as fast as they should and the National Statistical Institute is still so weak that it needs constant help with performing its functions. The project on support for national planning has yet to see any results on investment follow-up or the regionalization and departmentalization of planning mechanisms, despite the progress made by experts in designing instruments, programmes and work methodologies. Without the presence of those experts, the continuing use of these tools cannot be guaranteed. In the co-ordination of external resources, the issue of quality has barely been touched upon, although data bases have been set up and are beginning to be used. The impact of these data bases will, however, be assured only if they continue to be updated and used after the project ends.

11. UNDP assistance to the public administration sector was provided through projects ZAI/84/012 - Reorganization of the Civil Service Department and ZAI/85/009 - Organization of the Paymaster General's Office. The latter project, which was originally being implemented in the Finance Department, is now being implemented in the Budget Department. It was intended to strengthen these structures to enable them to supervise staff, oversee pay and train civil servants. Based on objectives to which the Executive Council attaches priority, the two projects were affected by serious delays in securing inputs from the two parties: experts from UNDP and premises and counterpart staff from the Executive Council. The project on the Paymaster General's Office faced the additional handicap of having no oversight of the pay circuit since data processing had remained partly the responsibility of the Finance Department. The two projects have yielded useful results: diagnoses, reorganization measures and a major reduction in the number of civil service staff through retirement and the elimination of non-existent staff from the payroll. However, the results are still limited in terms of the desired impact on staff management, pay reform and the training of civil servants.

12. In the area of economic management, participants recommended:

(a) Greater consolidation of ongoing activities in order to achieve the goal of economic growth;

(b) Improvement in the quality of public investments;

(c) Creation of a national study group to review the role of the civil service, so as to define clearly the Executive Council's objectives in this area, and the role of public administration in the national economy at the central and regional levels.

B. Institutional support for production sectors

1. Support for agricultural production

13. UNDP assistance to the agricultural sector during the present cycle is based largely on the recommendations of an FAO mission in late 1986 which led to the identification of new projects, now in progress or about to be launched, in the areas of agricultural extension services, agricultural research, small-scale livestock production, rice growing and the restoration of access roads. The mission had also confirmed the validity of UNDP activities already under way in the agricultural sector (support for seed production and the strengthening of agricultural statistics) and the advisability of preparing a preliminary project of assistance for agricultural research.

14. Two other projects in areas related to the agricultural sector are at the preparatory assistance phase. One, the Pilot programme for the ecodevelopment of grass-roots communities (ZAI/86/006), involves experimenting with models for developing grass-roots communities in harmony with their environment while the other, Assistance in implementing the fisheries master plan (ZAI/88/002), involves small-scale fishing in a pilot zone and is based on a prior UNDP study. Lastly, the only project completed since the beginning of the cycle is one in support of cattle rearing in northern Kivu, which has been succeeded by project ZAI/87/001 - Development of small livestock production in northern Kivu, now entering its principal phase.

15. The UNDP programme in the agriculture/rural development sector is thus centred on nation-wide projects designed to develop the support services essential for agriculture: improved seeds, agricultural statistics, extension services, agricultural research and agricultural access roads. These projects form the nucleus of the Executive Council's strategy for revitalizing agriculture, attaining food self-sufficiency and increasing rural incomes. Each programme is planned for a period of 10, 15 or even 20 years and involves not only UNDP and the World Bank but also several donors, working alongside the national lead agency. Under this sharing of roles, UNDP is responsible for technical assistance and for training the staff of the national agency while the other partners mainly finance equipment and operational expenses. It should also be mentioned that projects ZAI/89/006 - Restructuring and strengthening of agricultural research and ZAI/88/006 - Strengthening of the National Agricultural Extension Department will shortly enter their principal phases, while project ZAI/88/008 - Strengthening of the national rice programme, another project of major importance for the success of food self-sufficiency policy, will begin its preparatory phase.

16. While the relevance and coherence of the UNDP programme in the agricultural sector has been clearly demonstrated, its impact will be felt only several years from now, first in the pilot regions where integrated actions will be undertaken and then nation-wide as a result of the application of these experiments on a national scale. In fact, since the beginning of the current cycle, UNDP assistance with project execution has been concentrated on two main projects - agricultural statistics and improved seeds; the other projects are either in the preparatory phase or have barely started.

17. Project ZAI/84/008 - Permanent system for the collection of agricultural statistics has focused since 1984 on setting up a statistical system - a vital tool for agricultural planning. In the initial phase, regional offices were established throughout the country, a large number of supervisors and survey workers were trained and grass-roots surveys were carried out. In the second phase, project ZAI/88/004 - Support for the permanent system for the collection of agricultural statistics, which will end in 1991, the permanent survey system will be consolidated. However, in order to ensure its viability and the effectiveness of statistical work, it will be necessary to establish close co-ordination among the various participants (World Bank, United States Agency for International Development (USAID), Belgian Co-operation Ministry) and to link up with the national statistical plan to be implemented by the National Statistical Institute.

18. The other major project now being executed is that for assistance to the National Seed Office (ZAI/83/003 - Support for setting up a National Seed Office), which also began in 1984. This project is of major importance to Zaire and is intended to increase food production by ensuring an adequate supply of improved seeds. It was originally funded only by the Executive Council and UNDP but later attracted interest from other donors. In 1985, the World Bank granted an International Development Association (IDA) credit to the national seed plan being executed by the National Seed Office (BUNASEM), part of which was used for technical assistance in the areas of production and financial management. Other co-operating agencies, from the United States, Belgium, Canada, France and the European Economic Community (EEC) among others, joined the project by funding experts or bearing the entire cost of seed farms. The results are encouraging: a competent institutional structure in the area of seed production is now in place, the original production targets have been met and a network of seed farms integrated into the national seed plan has been established in each region. The project has had a significant impact on agricultural output and more and more farmers are beginning to use the improved seeds. Whether this impact is sustained and grows will depend both on the success of efforts to market seeds and make production profitable and on a favourable change in the environment resulting in an increased demand for seed.

2. Support for industrial production

19. The principal project implemented during the cycle involves the planning and promotion of industrial development. Project ZAI/81/014 - Development of small- and medium-sized industries in Kivu, now ended, did not achieve the desired results, at least in terms of the promotion and financing of small- and medium-sized industries. A nation-wide support project for small- and medium-sized industries was to have followed, but as its formulation was never approved by the Executive Council and UNDP, a new project, ZAI/89/008 - Promotion of the private sector, based on the concept of private sector support for small- and medium-sized industries, is now being studied. A small project in support of the Industrial Property Service (ZAI/89/003) has just been approved.

20. Project ZAI/86/008 - Planning and promotion of industrial development identified promising industrial subsectors on the basis of a structural study of Zairian industry. Strategic groups consisting of industrialists and representatives of the State were formed to guide their rehabilitation and development. The success of this approach will depend largely on enterprises' real interest in reaching agreement on the future of their subsector and of industry as a whole. A new phase of studies will make it possible to assess the impact on enterprises of the economic, regulatory and administrative environment and to recommend measures with regard to the investment code, credit, taxation, etc.

C. Social development

21. This sector covers action in a number of fields: health; employment, particularly the employment of handicapped and disadvantaged persons; youth; training of instructors; and study of manpower needs.

22. In the health area, apart from WHO consultancy missions sent to design plans for combating onchocerciasis and restructuring epidemiological services, which were characterized by long implementation and reporting delays, the main activity to have been undertaken is a vast project, ZAI/87/003 - Primary health care, involving three components. The first component is an on-the-job training programme for staff in health zones. This programme is of the utmost importance and is designed to enhance the quality of health care and to provide access to such care for the greatest number of people. UNDP assistance is already proving highly successful and is remarkable for the fact that it is being administered by national rather than foreign experts. The second component is assistance to the central co-ordinating office for action to combat acquired immunodeficiency syndrome (AIDS). UNDP undertook to provide such assistance at a donor meeting held in February 1988, but activities are being hampered by the failure of WHO to recruit the planner responsible for co-ordination activities. The last component, which has just been approved, involves support for a national campaign against iodine deficiencies.

23. In the employment area, UNDP action has involved training and reintegrating handicapped and disadvantaged persons through support for the National Vocational Training Centre for the Physically Handicapped (ZAI/85/020 - Professional integration of handicapped persons) and for the Mama Mobutu Foundation (ZAI/89/001). A small-scale project (ZAI/85/019) was aimed at integrating young people into agricultural life. There are no plans to follow up these projects, which achieved only some of their objectives and were intended as short-term operations. Job creation will be taken up again in project ZAI/88/001 - Special programme of urban public works, which is currently being formulated and will take a labour-intensive approach. Lastly, the forthcoming approval of project ZAI/89/007 - Fund for grass-roots initiatives will make it possible to provide financial incentives to communities to select and carry out initiatives that contribute to their own development.

24. In the training area, two projects for the training of instructors and one for technical training, all of them limited in scope, have been completed or are near completion. A large-scale study (ZAI/85/014) has also been conducted by the World Bank, with UNDP financing, with a view to drawing up a comprehensive, coherent programme for human resources development within the framework of the five-year plan. This study produced a detailed evaluation of the situation with regard to the match between training and job openings which will serve as a guide for future action in the sector.

25. The success of UNDP action in the social development sector has also been mixed. The programme has suffered from an absence of an integrated planning - partly a legacy of the previous cycle which lumped together a group of disparate unrelated projects with no common guiding thread. According to the sectoral review, the impact of assistance in the employment area has been limited and it is unlikely that the action taken to strengthen and provide training to the structures receiving support will have any lasting effect. In the health area, on the other hand, the project in support of primary health care is likely to have a major impact on the population's well-being.

D. Transport and communications

26. The sectoral objective was to develop selectively the technical and planning capacities essential for rehabilitating key institutions in the transport and communications sector, namely postal services, telecommunications and civil aviation. Three projects, one in each of these areas, were undertaken following studies or projects carried out during the previous cycle. The three projects are due to end in 1990 or 1991. A study has also been funded by UNDP, in conjunction with support for agricultural production, for a programme to rehabilitate and maintain the rural road network.

27. Projects ZAI/86/009 - Assistance to telecommunications and ZAI/86/010 - Postal reorganization and training concern services that are in an advanced state of neglect, and also the National Bureau of Posts and Telecommunications in Zaire (ONPTZ), which suffers from mismanagement and gross overstaffing. Starting with staff training, the impact of these two projects on the Bureau's ability to function properly is beginning to be felt. The postal service is being reactivated and had it not been the Executive Council's failure to provide its full share of the financing for equipment, telephone service at Kinshasa would have been partly restored. The longer-term impact of these projects will be felt only when the Bureau adopts modern management methods and restructures its staff by keeping on the staff it needs and laying off the rest. This could be done within the broader context of public enterprise reform and the establishment of mechanisms for redeploying redundant employees. The application of such mechanisms to the Bureau was the subject of a study under project ZAI/85/001 - Public enterprise reform. In the telecommunications sector, there is also a need to improve co-ordination among donors in order to ensure that training programmes match up with programmes for installing new equipment, particularly the programmes at Kinshasa, to be funded by the African Development Bank.

28. Lastly, in the air transport subsector, project ZAI/86/011 (Support for civil aviation) executed by the International Civil Aviation Organization (ICAO) is helping to strengthen the Department of Transport Civil Aviation Office so that it can fulfil its responsibilities in the area of technical oversight of air transport safety. This project has achieved only some of its objectives, because of difficulties in recruiting senior staff, inadequate counterpart funding and delays in administrative decisions. Considerable progress has been made with regard to training and the compilation of records and regulations.

IV. TRENDS IN THE OVERALL SITUATION AND RELEVANCE OF THE CO-OPERATION PROGRAMME

A. Trends in the economic situation and in Executive Council policies

29. The frame of reference for Zaire's fourth country programme, which was drawn up in late 1986, was the first five-year plan 1986-1990 adopted by the Executive Council in early 1986. This basic framework was supplemented by a priority public investment programme drawn up on the basis of the plan, and by a structural adjustment programme supported by a World Bank structural adjustment credit for industry and an International Monetary Fund (IMF) credit covering the period April 1986-February 1988.

30. In 1987, however, the five-year plan lost its status as reference tool for development and economic management policies to the first economic policy framework document, which covers the period 1987-1990 and sets forth the structural adjustment programme launched by the Executive Council in 1987. The structural adjustment programme was suspended in early 1988, however, because the Executive Council's fiscal and monetary policies were deviating sharply from the commitments made under the programme. Following negotiations with the World Bank and IMF, it was replaced in May 1989 by a new structural adjustment programme, accompanied by an updated economic policy framework document, which is now serving the guide for development strategies and policies up to the year 1992.

31. The medium-term macro-economic objectives set forth in the economic policy framework document are: to achieve a growth rate of 3.5 to 4 per cent for the period 1990-1991, to reduce the annual inflation rate from 90 per cent in 1988 to 15 per cent by 1991, and gradually to reduce the budget deficit from 17 per cent of gross domestic product (GDP) in 1989 and the negative balance in the balance-of-payments current account to 11.3 per cent of GDP by 1992.

32. On that basis, the priority public investment programme sets the amount of public investment and allocates investment resources among priority sectors and projects.

33. Lastly, as a complement to the overall structural adjustment programme, the social sector adjustment programme, which is to receive a World Bank credit, envisages a set of measures to restore public spending on education and health to minimum levels, encourage the non-governmental sector to provide services to the population and create jobs for disadvantaged urban and rural groups.

B. Relevance of the co-operation programme

34. It can be said that, in the economic management sector, UNDP activities are highly relevant. In the areas of public enterprise reform and also staff management and pay oversight in the civil service, the objectives of UNDP activities form an explicit part of structural adjustment policies and are set forth in the economic policy framework document. In the areas of support for regional planning, public investment follow-up and statistics, UNDP activities ensure the institution-building essential, in the short- and medium-term, for the success of the Executive Council's adjustment policies. The support given to external aid co-ordination provides information essential for following-up on co-operation and, through its outreach to NGOs, is helping increase the participation of organizations that have now become essential partners in development projects at the grass-roots and intra-regional levels.

35. In agriculture, UNDP assistance is central to the Executive Council's long-term policy for agricultural development and food self-sufficiency. The components of that assistance (extension services, improved seed, agricultural research and agricultural access roads) are also among the measures explicitly provided for in the economic policy framework document. UNDP is involved in strengthening the main links in the chain of essential support services that must be provided to agriculture if output and exports are to grow and rural incomes are to improve. The relevance of UNDP activities in fisheries and small-scale livestock production is also obvious from the standpoint of achieving food self-sufficiency, increasing protein intake and enhancing the incomes of fishermen and women farmers.

36. The relevance of the support provided to the industrial sector is perhaps less assured, given that the decisive factor for industrial recovery would, in all probability, be a radical improvement in the investment climate. Any support to small- and medium-sized enterprises would, in theory, be of obvious relevance, but its practical relevance will be largely contingent on the aforesaid improvement in the business environment.

37. In the social development sector, UNDP activities are clearly relevant to targeted needs. Some of them, however, have not been of the highest priority. As a result, UNDP is in the process of reviewing its approach to bring it more into line with the policies of the Executive Council. The support to be provided to the social sector adjustment programme, which will be the cornerstone of the Executive Council's social policy in the years to come, must be considered from this perspective. The primary health care project is also directly linked to the policy, advocated by the Executive Council, of developing health care at the grass-roots. The UNDP-funded study on human resources development in the modern sector will, for its part, play a major role in the design of policies for matching training to job openings and in arousing donors' interest in the reform of technical education. Lastly, the projects in the transport and communications sector are in keeping with the Executive Council's desire to rehabilitate certain infrastructures and essential services whose proper functioning is always an absolute prerequisite for normal economic activity.

38. In short, the sectoral evaluations permitted a thorough review of all aspects of the fourth country programme for Zaire and found it to be relevant and in line with the policies of the Executive Council. In those areas where the programme does not appear to be totally relevant, the adjustments under way will ensure that UNDP and its executing agencies increase their contribution to achieving the Executive Council's objectives and to improving socio-economic conditions in Zaire.

V. UTILITY OF THE FOURTH PROGRAMME FOR IDENTIFYING TECHNICAL ASSISTANCE PROJECTS

39. One important aspect of UNDP action is its role in promoting new approaches to development and acting as a catalyst for the mobilization of funding from other donors, whether through studies or co-financing or in response to projects it has initiated. New approaches would be the projects Ecodevelopment of grass-roots communities, Implementation of the fisheries master plan and Small-scale livestock production in northern Kivu. Co-financing projects would be the National Seed Office, Agricultural extension services, Agricultural research and Agricultural access roads. Lastly, the following studies would be likely to elicit assistance from other donors: Public enterprise reform, Human resources development in the modern sector and Fisheries master plan.

40. Through their institution-building and training activities, projects such as Telecommunications and Civil aviation, also help to attract assistance from other donors. In short, the impact of the fourth country programme cannot be measured solely in terms of the programme's immediate action, but must include the further assistance it generates. Without making a precise estimate of this impact in financial terms, we can say that it far exceeds the amounts disbursed by UNDP. In other words, the fourth country programme for Zaire is not just technical assistance but profitable co-operation.

VI. FINANCIAL EXECUTION OF THE PROGRAMME

A. Available resources

41. The indicative planning figure (IPF) funds for the fourth country programme totalled $68,105,000 (see annex).

B. Allocation of budgets and expenditures by sectoral objective

42. The allocation of financial resources among the programme's main sectors corresponds, in theory, to the priority given to each sectoral objective (see annex II). The few rare cases in which budgets have been allocated to projects which do not respond specifically to sectoral objectives involve project budgets from the previous cycle which were revised to permit the completion of ongoing activities of projects designed to strengthen programme follow-up and evaluation capacities, such as projects ZAI/88/009 - Programme support and ZAI/88/003 - Logistical support.

43. After three years of programme execution, 68 per cent of available resources have been committed but only 44 per cent have been spent. Moreover, the budgets proposed for new projects currently in the planning stage amount to $33.5 million compared with an uncommitted funds balance of $21.8 million. Such over-programming is necessary because of the relatively low execution rate - 70 to 75 per cent - of approved budgets. While it is likely that all available resources will have been committed by 1992, it is unlikely that they will have been spent, with the result that the cycle will end with a balance of committed but unspent funds. This will, however, be a major improvement on the previous cycle, when over 25 per cent of a $44 million IPF had to be carried over to the current cycle. It should be noted that the relatively low level of real expenditures as at 31 October 1989 by comparison with the original allocations, especially those for the agricultural and industrial sectors, is due to delays in implementing projects in those sectors as a result mainly of their scope and complexity.

VII. MODE OF EXECUTION AND MAIN DIFFICULTIES ENCOUNTERED

A. Mode of execution

44. The fourth programme for Zaire uses only one mode of execution, namely, executing agencies of the United Nations system whose main source of expertise is long-term experts. Nevertheless, UNDP also uses national expertise (experts, consultants, national research institutes, etc.), which offers the considerable advantage of being available, less costly, more familiar with the local situation and more adaptable. There has been a significant increase in the use of national expertise and United Nations Volunteers to implement the programme. This trend should continue in the future as non-governmental organizations and private operators become involved in such projects as: grass-roots initiatives, Social sector adjustment programme, Promotion of the private sector, Ecodevelopment, Small livestock production in northern Kivu, Special urban public works programme, and Water and sanitation.

B. Difficulties encountered in individual sectors

45. The evaluation mission found that of the two main sectors in which UNDP assistance is concentrated, problems of execution are greater in economic management than in agriculture. Agricultural projects have more specific objectives for which ad hoc structures are often created. The counterpart contribution is paid more systematically. Most projects are also jointly assisted by several donors and co-ordination and consultation are conducted on the basis of quasi-formal mechanisms.

46. Almost the reverse is true of projects in the economic management sector. Objectives are less specific, so that project activities may be pre-empted by other priorities; the counterpart contribution is often paid on a purely random basis; and national project directors often have other responsibilities that are more important than their project responsibilities. The deficiencies and shortcomings of executing agencies' technical support are more acutely felt in adapting projects

to a changing environment or changing circumstances. Lastly, the lack of co-ordination among donors' activities causes overlapping and diminishing returns.

C. Follow-up and evaluation

47. The mission notes that the UNDP office at Kinshasa attaches great importance to applying the follow-up and evaluation guidelines. A seminar on this subject was organized in September 1989 for the national directors and principal technical advisers of the various projects.

48. In practice, the office has tried to keep up with the timetable of activities provided for in its management programme: tripartite reviews; internal evaluation; in-depth evaluation; technical missions, field visits; etc. The office is also trying to implement the recommendations emanating from the various tripartite consultations. In general, however, the effectiveness of these measures is often diminished by a number of constraints, in particular the failure of the Executive Council and the headquarters offices of UNDP and executing agencies to act on the recommendations of tripartite meetings and evaluation missions.

49. The mission notes that executing agencies' technical follow-up in the field is often inadequate. This could be because agencies' headquarters officials must supervise several projects in several countries and generally cannot undertake more than one mission a year per project. The technical follow-up possible during a mission lasting a few days cannot, of course, be as thorough as major, technically complex, projects require. The adverse effects of this lack of oversight are most acutely felt in projects in the economic management sector.

50. Moreover, the supervisor's role is limited to one project, with the result that co-ordination among projects executed by the same agency in the same sector often goes no further than a statement of intent in project documents, or else is left to the local office in which case its scope is limited by lack of resources and technical skills. Co-ordination among projects is even more difficult when projects in the same sector are executed by different agencies of the United Nations system. In short, sectoral follow-up is also lacking.

D. Executive Council inputs

51. The Executive Council inputs consist of facilities, national project staff and counterpart funding.

52. Project physical facilities are generally inadequate; this deficiency is more critical at the regional level. In several cases, the Executive Council's financial difficulties have forced UNDP to step in and provide the facilities needed to keep projects going.

53. The precarious state of Zaire's public finances has meant that many projects have suffered from inadequate or non-existent Executive Council counterpart funding. Programme delivery has been seriously hampered by the lack of counterpart

funding to cover operational expenses. This was an acute problem for several projects in 1988. However, in 1989, a marked improvement was apparent in the Executive Council's financial inputs.

54. The input of national staff is uneven. There are problems with regard to the qualifications and availability of counterpart staff which can be traced to conditions of recruitment and remuneration. Low pay levels for project staff have become a major problem since they act as a disincentive, while the payment of bonuses by other donors or by the Executive Council has led to a lack of interest in UNDP projects which do not offer similar benefits. Frequent changes of counterparts within the Executive Council also create problems for project continuity and follow-up.

VIII. PROPOSED PROGRAMME ADJUSTMENTS

A. Co-operation priorities

55. The mid-term review confirmed the validity of continuing the activities now in progress, most of which run until the end of the fourth programming cycle. However, some adjustments would appear to be necessary, especially in the economic management and social development sectors, in order to make activities more coherent and maximize their impact.

B. Programme readjustment: economic management

56. An analysis of the macro-economic constraints on Zaire's economy shows that there are two prerequisites for the reactivation of growth: re-establishing the role of the State in creating an environment conducive to economic and social development, and providing satisfactory social services to the population.

57. Restoration of the State's capacity to play its role requires a thoroughgoing civil service reform, including:

(a) An overhaul of civil service structures and regulations;

(b) A remodelling of the State employment structure, including:

(i) Staff cuts;

(ii) Formulation of a pay policy;

(iii) A training policy;

(c) Government decentralization.

58. Such a reform cannot be approached as a side issue; there must be a clearly expressed readiness on the part of the Executive Council to tackle it. The priority for UNDP in the public management sector should be to help restore the

State's capacities. UNDP is already contributing, through its action, to the beginnings of a reform. However, the magnitude of the undertaking exceeds the scope of its present activities and future UNDP action in this sector should therefore:

(a) Support the Executive Council in its consideration, from a medium-term perspective, of the components, stages and scope of the reform, in conjunction with the Special Action Programme in Public Administration and Management for Africa (SAPAM) and joint action with other donors;

(b) Readjust ongoing activities with a view to increasing their effectiveness.

C. Programme readjustment: social development

59. The need to pool efforts in order to solve social problems prompted the Executive Council to develop a social sector adjustment programme and to organize a Round Table conference of donors on 30-31 October 1989 in which UNDP and other United Nations agencies took part. UNDP will use the social sector adjustment programme as a means of integrating its actions in the health, education and employment fields.

60. Together with other donors, UNDP plans to take action at three levels:

(a) Direct support for the social sector adjustment programme through a sectoral programming and follow-up mechanism;

(b) Co-financing of sectoral programmes identified in the adjustment programme, such as labour-intensive rural and urban public works designed to solve housing and unemployment problems; grass-roots initiatives; women in development; social reintegration; ecodevelopment, etc.;

(c) Preparation of subsidiary programmes under the adjustment programme, the purpose being to tackle fundamental problems identified in sectoral analyses but not directly linked under the programme financing arrangement. These include safeguarding of basic education, developing a literacy strategy, ensuring a better match between training and job openings, and providing access for rural populations to drinking water and simple sanitation techniques.

Annex

FINANCIAL SUMMARY

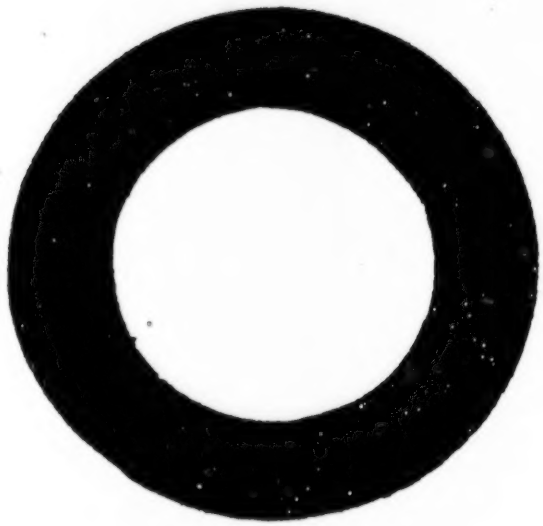
I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

		$
A.	Total resources taken into account for programming at time of approval of country programme	65 000 000
B.	Resources taken into account for programming at time of mid-term review of programme	68 105 000
	IPF allocation a/	68 105 000
	Cost-sharing	-
	Government cost-sharing	-
	Third-party cost-sharing	-
	Other sources	-
C.	Net change in resources	68 105 000

II. USE OF RESOURCES

	Start of programme	Mid-term review
Approved projects	38 050 000	46 276 000
New project proposals	31 950 000	32 752 000
Unprogrammed reserve	-	-
Total	70 000 000	79 028 000

a/ Including $3,105,000 approved by the Governing Council at its thirty-fifth session (1988) as supplementary funding.



UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1990/38/Add.7
10 April 1990

ORIGINAL: ENGLISH

Thirty-seventh session
28 May-22 June 1990, Geneva
Item 5 (b) (i) of the provisional agenda

[SUPPORT]

PROGRAMME PLANNING

COUNTRY, INTERCOUNTRY AND GLOBAL PROGRAMMES

Reports on mid-term reviews of country, intercountry and global programmes

Mid-term review of the multi-island programme for the Organization of Eastern Caribbean States

Report of the Administrator

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II.	Distribution of resources by objective	11

I. FINANCIAL DATA

1. The multi-island programme is financed from an indicative planning figure (IPF) established for the Organization of Eastern Caribbean States (OECS) countries, contributions from individual country IPFs and Special Programme Resources (SPR), which amount to $4.45 million for the fourth cycle. Two and a half years into the cycle, $3.548 million or 80 per cent of the resources have been committed but the implementation rate has been rather less satisfactory because of delays in recruitment and procurement of equipment. Actual expenditures for the first two years of the programme amounted to $1.14 million or 26 per cent of total UNDP resources. The review meeting resulted in decisions on utilization of the remaining programme resources.

II. PROGRAMME AND PROJECT DATA

A. The multi-island programme

2. The multi-island programme for the OECS subregion has two major objectives: (a) agricultural diversification and rural development and (b) improved public sector management and human resources development.

B. Progress in programme implementation

3. Originally, the public sector management and human resources objective commanded 73 per cent of IPF resources. However, there is now a fairly even distribution between the two objectives (see annex II), made possible by combining other UNDP resources and third-party cost-sharing contributions into a common pool to finance multi-island projects.

Improved public sector management and human resources development

4. The projects in support of this objective are discussed in the following paragraphs.

Development of Statistical Services (CAR/87/002) and (CAR/80/002)

5. As a result of UNDP assistance, the OECS countries have made a significant improvement in their national accounts series. National income estimates continue to be compiled and updated regularly with minimal project intervention. Advisory services, training and computer equipment have been and continue to be provided to improve external trade statistics, retail price indices and other key statistical data series. Training is given priority attention so that by project completion in 1991 there will be a much strengthened and sustainable capability for statistical activities that benefit decision-making processes in the OECS countries. Protracted delay in equipment procurement and processing of training awards were experienced and these matters have been taken up with the United Nations executing agency.

Development Co-operation Info-System (DCIS) (CAR/86/001)

6. A central computerized data bank on aid flows to the Eastern Caribbean is being constructed. The intention is that countries will use the data bank for the improved management of every stage of their technical co-operation programmes and capital investment projects so that the allocation of resources will have optimal impact on their economies. The data bank has the capacity for expansion to include all the elements necessary for decision makers to undertake coherent analysis and evaluation of all projects in relation to the overall development strategy of each country. The project is now at the stage of testing the specially developed data bank software in three OECS countries and training personnel to operate it. UNDP support throughout this cycle is critical.

Automated System for Customs Data (ASYCUDA) (CAR/88/002)

7. This project will result in higher efficiency of customs operations through better management, improved planning and more effective revenue control and collection. Twenty-eight customs officers are soon to complete their training in the use of the special computer applications package for trade declarations and other customs procedures. The new system will go into effect during 1990.

Political Union (CAR/87/007)

8. UNDP assisted in the media campaign to present to the general public in the Eastern Caribbean the case for a political union which would extend the economic benefits they have already gained through joint functional arrangements under the existing OECS Treaty. Several information booklets and a film documentary on the OECS integration movement were produced with UNDP-funding support. During the review meeting, further assistance was requested for (a) the services of a three-member consulting team comprising a political scientist, economist and legal constitutional expert and (b) new promotional materials to be used in the media campaign in the two months prior to the referendum on political union. Implementation of such a union will require extensive technical expertise for which the OECS secretariat will approach UNDP and other donors at the appropriate time.

Tourism Economic Planning (CAR/87/006)

9. Tourism is a new sphere of activity brought under the focus of the OECS Economic Affairs secretariat in recognition of the importance of the sector in the medium-term development of member countries. The lead role required of the secretariat will be supported by an integrated tourism planning, development, promotion and marketing programme funded by the European Economic Community (EEC). UNDP assistance covers a tourism analyst based within the secretariat since March 1989 and provision for short-term consultancies. The tourism analyst is working towards construction of input-output tables which will help tourism policy makers and planners to make rational decisions on the sector as well as maximize the linkages with the agricultural and manufacturing sectors. The project continues until February 1991.

Housing Development in the OECS (CAR/87/001)

10. The purpose of this project is to generate alternative shelter solutions to the problems of explosive urban growth and degradation, created, for example, by overcrowded dwellings, squatting and inadequate building-development control. The target is the poorest of the poor for whom conventional shelter programmes are unaffordable because their earnings are too low to satisfy even moderate lending criteria. Four proposals (for Dominica, Grenada, Montserrat and Saint Vincent) have resulted from project activities to date. Their implementation depends on the successful mobilization of capital financing, either outright grants or concessionary funds or a combination of the two. The remaining UNDP resources allocated for this objective will be utilized to continue the search for low-cost shelter solutions, as well as to develop building standards for enforcement in the OECS region. The latter area has taken on new urgency since the devastation caused by hurricane Hugo just days after the mid-term review meeting in September 1989.

Multi-island Education Phase II (CAR/87/003)

11. A Caribbean specialist is retained on a non-continuous contract to guide and assist school principals, technical instructors and Ministry of Education officials in implementing a new curriculum in woodwork, electricity, metalwork and automotives. This curriculum, developed with UNDP support in the previous project phase, is for students between the ages of 12 and 16 in pilot schools. The theory and workshop practice skills imparted to students by proper coverage of the curriculum will smooth the students' entry into the world of work. By 1991, when this project phase ends, it will be possible to assess the impact of the curriculum for wider application throughout the education system.

OECS Training Support (CAR/89/002)

12. Although the budget is modest, this project allows for a quick UNDP response to opportunities for OECS personnel to participate in training workshops and seminars of short duration. Nine government officials participated in the government-executed workshop and twelve in the Women, Gender and Development workshop, both held in January 1989. In August, five persons attended a translators summer course at the University of the West Indies.

Agricultural diversification and rural development

13. The projects in support of this objective are discussed in the following paragraphs.

Caribbean Rural Development Advisory Training Services (CAR/86/003) and its previous phase (CAR/81/002)

14. UNDP assistance is designed to impact agricultural production for domestic food and export markets by tackling the particular set of production and marketing problems that constrain the viability of small-farming enterprise. A measure of the achievement of the project is the increased farm output and income resulting directly from a conbination of more efficient cropping systems, timely supply of

agricultural inputs and other support services, post-harvest practices and concerted attention to marketing and distribution. Production of crops such as winter vegetables, peppers and ginger for markets outside the region has had appreciable success. UNDP assistance is assured until December 1991. By then, Governments should have gradually increased their contributions to the Caribbean Rural Development Institute (CARDI), enabling the latter to continue providing the services now performed by the personnel of project CAR/86/003. Last January, Caribbean Rural Development Advisory Training Services was subsumed into the Caribbean Rural Development Institute organizational structure by a mandate of the Heads of Government of the Caribbean Community (CARICOM).

15. Decisions on a major reorganization of OECS are expected to be taken in November 1990 by the Heads of Governments. The reorganization will equip the Economic Affairs secretariat for the shift from its now predominant emphasis on trade matters to a much broader focus on economic development generally and on the agriculture and tourism sectors in particular. The projects funded by UNDP support this widening of the OECS work programme with varying degrees of impact on the long-term development of the region. The project Automated Systems for Customs Data (CAR/88/002) will boost public revenue earnings significantly so that the countries will have a larger pool of funds to invest in developmental programmes. The project Development Co-operation Info-System (CAR/86/001) will serve as a management system for allocating human and capital resources most effectively. The project Development of Statistical Services (CAR/87/002) also supports rational decision-making but cost and impact have not increased commensurately because of high staff turnover, among other constraints. In the agriculture sector, Caribbean Rural Development Advisory Training Services production activities were substantially damaged by the passage of Hurricane Hugo in Montserrat, Saint Kitts and Nevis, and Antigua.

C. Assistance planned for the remainder of the cycle

Small Enterprise Development

16. This is a proposal to boost manufacturing and other business activity in OECS by strengthening the support mechanisms accessible to small entrepreneurs. Ideas put forward by both the International Labour Organisation (ILO) and the United Nations Industrial Development Organization (UNIDO) for specific interventions will be further assessed by a consultant whose responsibility is to prepare a sound project document for consideration by the OECS Economic Affairs secretariat and the Member States. UNDP has already encouraged Governments to make notional country IPF contributions which may be put into a larger pool of funds, nearly $1 million, for the benefit of all OECS countries.

Political Union Phase II

17. Assistance will be given to support the implementation of the selected form of political union based on the outcome of a referendum in OECS countries.

Housing Phase II

18. UNDP and the United Nations Centre for Human Settlements (Habitat) (UNCHS) will address the need for building standards in OECS and provide continued assistance for low-income shelter schemes.

Computer Applications in the Vocational/Technical Education Sectors

19. A preliminary study will be carried out to determine the benefits and costs of this proposal.

OECS Economic Relations with Venezuela, Martinique and Guadeloupe

20. There are already established trade links between OECS and the two French departments in the Caribbean. The OECS countries are seeking opportunities to formalize and strengthen trading relationships in preparation for the single European market in 1992. UNDP will assist in formulating a general economic OECS/Martinique and Guadeloupe agreement. With regard to Venezuela, where the links are more tenuous, assistance from UNDP is required to bridge the information gap in the first instance.

III. PROGRAMME ANALYSIS

A. Economic environment and continued relevance of the multi-island programme objectives

21. The development priority confronting the OECS countries is to achieve a more diversified economy in which the overall contribution from agriculture, tourism, light manufacturing and services is maximized with a higher degree of efficiency than has been realized in the past. This entails diversification both of production and export markets, underscoring the need for competitive prices, affordable wage rates, a labour force with versatile skills and the mobilization of the private sector through an appropriate mix of incentives.

22. Diversification is essential because of the extreme vulnerability of the region to external influences which impact inflation rates, the balance-of-payments position and foreign currency reserves. As an indicator of the open nature of their economies, the World Bank estimates that 25 per cent of total GDP in the OECS is derived from official foreign grants, concessionary loans, net private transfers from abroad and effective subsidies from protected prices for bananas and sugar. An equally important trend concerns traditional exports such as bananas, and, to a lesser extent, sugar, cocoa and spices, which have performed variably over the last decade on account of falling commodity prices on international markets and fluctuating export volumes. Market protection for OECS bananas in the United Kingdom and guaranteed quotas for sugar exports in the case of Saint Kitts and Nevis to the EEC cushion the OECS economies to some extent, but there is mounting concern in the region that support measures of this type may not be indefinitely assured in the future. At the same time, tourism, which has emerged as the leading growth sector and major foreign exchange earner in the OECS region, is also

susceptible to adverse international economic forces. The recent hurricane Hugo, which devastated Montserrat and severely affected Antigua, Dominica, Saint Kitts and Nevis and the British Virgin Islands, also served as a terse reminder of the vulnerability of the tourism industry to domestic conditions, as indicated by declining tourist arrivals. Therefore, strategies to put the OECS economies on a more sustainable growth course in the intermediate and long term take precedence in the development thrust, especially in view of World Bank predictions of future real GDP increases averaging 4 per cent annually, linked to the moderation of growth rates in the global economy. In addition, as all the OECS countries have current account deficits on their balance of payments and relatively significant external debts, efficiency in the management of public sector investment is crucial.

23. In relation to the foregoing development challenge, the multi-island programme remains highly relevant as it permits the OECS countries to address common problems by devising solutions that take a regional perspective. Also, the projects contained in the multi-island programme are complementary to those implemented under the individual country programmes.

B. Implementation arrangements

24. Sixty-five per cent of total resources are programmed for implementation using national execution - the executing agencies for these projects generally engage the services of Caribbean specialists. The combined effect of these practices is that regional self-reliance is promoted and the cost of technical co-operation is considerably reduced. Compliance with the national execution reporting requirements is excellent.

25. United Nations bodies involved in the implementation of the multi-island programme are: the Department of Technical Co-operation for Development (DTCD); (CAR/80/002 and CAR/87/002); UNCHS (CAR/87/001 and its planned successor phase); the United Nations Conference on Trade and Development (UNCTAD) (CAR/88/002); and ILO (CAR/87/003 and CAR/88/003).

C. Special considerations

26. Early in 1988, when the will to create a political union was palpable among OECS leaders, over $500,000, representing nearly 20 per cent of the multi-island IPF, was earmarked by OECS to support this initiative. Although Dominica, Grenada, Saint Lucia and Saint Vincent have sustained their commitment to unity, progress towards a referendum has been cautious. As a result of the mid-term review, the resources programmed for political unification have been reduced by 50 per cent, to the level of $250,000 for the last two years of the fourth cycle. Assuming that a union composed of some OECS countries becomes a reality in 1990-1991, consideration will be given to the possible utilization of technical co-operation funds from other sources within UNDP, for example, SPR and the Management Development Programme (MDP).

D. Co-ordination

27. The mechanisms already exist for the OECS to co-ordinate its member States in matters of macro-economic policy through the Economic Policy Review Committee and other sub-committees. The mid-term review therefore involved only the OECS secretariat, as the latter had already consulted the member countries collectively. Furthermore, the Caribbean Group for Co-operation in Economic Development provides the framework for co-ordination among donor and United Nations agencies and the OECS Governments, both in relation to specific projects and economic policy issues. As far as co-ordination at the individual country level is concerned, the project Development Co-operation Info-Systems (CAR/86/001) has created a regional data bank on aid flows to help OECS countries to manage their technical co-operation programmes and capital projects more effectively.

IV. EVALUATION OF THE MID-TERM REVIEW

28. No further overall programme evaluation is envisaged prior to the evaluation to be carried out towards the end of the present cycle in preparation for the formulation of the new fifth cycle programme. However, a comprehensive evaluation of the Caribbean Rural Development Advisory and Training Services (CARDATS), which is the most significant project being implemented under the programme, will be carried out by the middle of 1990.

V. RECOMMENDATIONS

29. The mid-term review resulted in decisions on technical assistance to be delivered in the remaining two years of the IPF cycle. The financial commitment was thereby increased by $924,000. In addition, given that a strengthened public management capability is a condition for the success of political unification and structural adjustment measures in the strategic sectors of the OECS economies, emphasis on this programme objective was recommended. In this regard, plans are now in process for a mission under the MDP to carry out a detailed assessment of public management needs and formulate proposals for technical co-operation.

Annex I

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

	$	$
A. Total resources taken into account for programming at time of approval of country programme (including non-IPF funds)		2 550 000
B. Resources taken into account for programming at time of mid-term review a/		5 369 000
IPF allocations	4 409 000	
Programme cost-sharing	-	
Government project cost-sharing	-	
Third-party cost-sharing	840 000	
Other sources	120 000	
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		5 369 000
C. Net change in resources		2 819 000

II. USE OF RESOURCES

	Start of country programme (1987)	Mid-term (1989)
Approved projects b/	220 000	4 463 000
Project proposals c/	2 300 000	924 000
Unprogrammed reserve	30 000	-
Total	2 550 000	5 387 000

a/ Excluding non-IPF funds.

b/ Including cost-sharing.

c/ Excluding projects agreed to in principle, but not yet formulated.

Annex II

DISTRIBUTION OF RESOURCES BY OBJECTIVES

Country programme objectives	Allocations	Actual expenditures	Revised allocations as a result of MIP
		(Percentages)	
Public sector management and human resources development	73	79	54
Agricultural diversification and rural development	25	21	46
Other	2	-	-